

STATE AUDITOR DOUG HOFFER

PRESS RELEASE

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Auditor finds flaws in state workforce safety efforts

MONTPELIER, VT - The state of Vermont should be doing more to improve workplace safety, according to an audit released today by State Auditor Doug Hoffer.

The audit examined the Office of State Employee Workers' Compensation and Injury Prevention (WCP) in the years 2008 to 2012. The WCP has a dual responsibility: administering the state's workers' compensation program, and helping to prevent work-related injuries and illnesses. When all the bills are in, the State expects to pay \$40 million to resolve all the claims submitted over the last five fiscal years¹ (an average of \$8 million for each year). This includes medical costs and the cost of paying injured employees who cannot work.

The audit found shortfalls, failures, and gaps in the WCP's injury prevention efforts, as well as numerous errors in the WCP's data collection system. Fixing the problems, Hoffer says, "may require an investment, but the benefits to state workers and the state budget would be long-lasting."

During the period covered by the audit, the number of claims involving medical care and lost work declined slightly. But Hoffer wants to see the State do more. Among the audit's key findings:

- WCP protocols require staff to review all reported workplace incidents. But those reviews never happen in many cases, due primarily to inadequate staffing. The WCP had four safety coordinators in 2010 but has only two today. A 2003 loss prevention study by Loss Control Innovations recommended eight safety coordinators.

Even if the State adds personnel, it might run up against a provision in state law that limits expenditures on prevention. This may be short-sighted and could entail additional costs in the long run.

- When a safety review is conducted in response to a reported incident, the WCP has no authority to require departments to adopt its recommendations. Also, the State offers no incentives and imposes no penalties for failure to comply.
- Departments with high workers' compensation claims have implemented less than two-thirds of WCP recommendations reviewed in the audit.
- Auditors could not examine trends in the types of injuries reported because the WCP's computer data was unreliable. There were numerous errors in the characterization of injuries, which prevents the WCP from tracking statewide trends and exposures.

Based on the WCP audit, Hoffer is calling for a stronger state commitment to workplace safety, including:

¹ It can take years for the full expense of a workers' compensation claim to be paid, so the state employs an independent actuary to estimate its ultimate losses. In the latest actuary report, the ultimate losses for incidents that occurred between FY 2008-2012 was estimated to be \$40 million for the five-year period.

- Adding more safety coordinators to WCP.
- Mandating that departments adopt WCP safety recommendations in a timely manner.
- Improving communication and coordination between the WCP and other state departments.
- Improving record-keeping within the WCP.

Hoffer noted that "State government's most important asset is its workers, and they deserve a safe workplace. In addition, taxpayers have a right to expect the State to make the investments necessary to reduce workforce injuries and related costs."

Hoffer concluded by saying that "the WCP appears to be hamstrung by limited resources. As we know, prudent investments in prevention pay dividends over time, both for employees and the employer. I hope Governor Shumlin and the Legislature will seriously consider adding more safety coordinators. In addition, I encourage the Legislature to re-evaluate the statutory restrictions on expenditures for prevention."